

MINUTES OF THE COUNCIL MEETING OF WITZENBERG MUNICIPALITY, HELD IN THE COUNCIL CHAMBERS, MUNICIPAL OFFICES, 50 VOORTREKKER STREET, CERES ON WEDNESDAY, 28 MARCH 2018 AT 10:00

8.1.3 Finance: Draft Budget, Draft Review IDP and Draft Top Layer SDBIP: 2018/2019 (5/1/17; 2/2/1 & 5/1/5/11)

The following memorandum, dated 22 March 2018, was received from the Director: Finance:

"1. Purpose

The purpose of this report is to table the 2018/2019 Draft Budget, the Draft Review IDP and the Draft Top Layer SDBIP for consideration to the Executive Mayor and Council.

2. Legal framework

Section 16 - 18 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) stipulates as follows:

'Annual budgets

16. (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) **In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.**
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.'

'Contents of annual budgets and supporting documents

17. (1) An annual budget of a municipality must be a schedule in the prescribed format –
- (a) setting out realistically anticipated revenue for the budget year from each revenue source;
 - (b) appropriating expenditure for the budget year under the different votes of the municipality;
 - (c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) setting out –
 - (i) estimated revenue and expenditure by vote for the current year; and
 - (ii) actual revenue and expenditure by vote for the financial year preceding the current year; and
 - (e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

- (3) When an annual budget is tabled in terms of Section 16 (2), it must be accompanied by the following documents:
- (a) draft resolutions –
 - (i) approving the budget of the municipality;
 - (ii) imposing any municipal tax and setting any municipal tariffs as may be required for the budget year;
 - (iii) approving the budgets for the relevant financial year of each municipal entity under the sole or shared control of the municipality; and
 - (iv) approving any other matter that may be prescribed;
 - (b) measurable performance objectives for each vote in the budget, taking into account the municipality's integrated development plan;
 - (c) a projection of cash flow for the budget year by revenue source, broken down per month;
 - (d) any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act;
 - (e) any proposed amendments to the budget-related policies of the municipality;
 - (f) particulars of the municipality's investments;
 - (g) any prescribed budget information on municipal entities under the sole or shared control of the municipality;
 - (h) particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate;
 - (i) particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements;
 - (j) particulars of any proposed allocations or grants by the municipality to –
 - (i) other municipalities;
 - (ii) any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers;
 - (iii) any other organs of state;
 - (iv) any organisations or bodies referred to in section 67(1);
 - (k) the proposed cost to the municipality for the budget year of the salary, allowances and benefits of –
 - (i) each political office-bearer of the municipality;
 - (ii) councillors of the municipality; and
 - (iii) the municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality at a remuneration package at least equal to that of a senior manager;
 - (l) the proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of –
 - (i) each member of the entity's board of directors; and
 - (ii) the chief executive officer and each senior manager of the entity; and
 - (m) any other supporting documentation as may be prescribed.'

'Funding of expenditures

18. (1) An annual budget may only be funded from –

- (a) realistically anticipated revenues to be collected;
 - (b) cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
 - (c) borrowed funds, but only for the capital budget referred to in section 17 (2).
- (2) Revenue projections in the budget must be realistic, taking into account –
- (a) projected revenue for the current year based on collection levels to date; and
 - (b) actual revenue collected in previous financial years.'

The following documents are attached:

- (a) Draft Budget: 2018/2019 – 2020/2021: **Annexure 8.1.3(a)**.
- (b) Draft Review Integrated Development Plan: 2018/2019: **Annexure 8.1.3(b)**.
- (c) Draft Budget Related Policies: 2018/2019: **Annexure 8.1.3(c)**.
- (d) Draft Budget Schedules: 2018/2019 – 2020-2021: **Annexure 8.1.3(d)**.
- (e) Draft Top Layer SDBIP: 2018/2019: **Annexure 8.1.3(e)**.

UNANIMOUSLY RESOLVED

- (a) *that Council takes notice of the Draft Budget, the Draft Review IDP and the Draft Top Layer SDBIP of the Witzenberg Municipality for the financial year 2018/2019 and the indicative budget for the two years 2019/2020 and 2020/2021 that have been tabled by the Executive Mayor in Council.*
- (b) *that the public participation process as per the IDP and Budget Process Plan be followed.*